

## Message Text

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ACTION NEA-11

INFO OCT-01 ISO-00 NEAE-00 EB-08 AID-05 MMO-04 A-01  
COME-00 TRSE-00 SSO-00 SP-02 AGRE-00 SS-15 NSCE-00  
/047 W  
-----102811 241652Z /43

O 241639Z MAY 78

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC IMMEDIATE 9522

UNCLAS CAIRO 13568

PASS TO NEA/EGY FOR AMBASSADOR EILTS

E.O. 11652: N/A

TAGS: EAID, EFIN, EG

SUBJECT: PROGRAM IMPLEMENTATION UPDATE

REF: CAIRO 6046, (B) CAIRO A-24

1. AT SPECIFIC REQUEST OF AMBASSADOR, EMBASSY/USAID HAVE BEEN ASKED FOR UPDATED REPORT ON AID PROGRAM IMPLEMENTATION. THIS IS IN SPECIFIC CONFORMITY WITH REF B US GOALS AND OBJECTIVES IN EGYPT,  
STATES THAT AN IMPORTANT USG OBJECTIVE IS INCREASING THE RATE OF IMPLEMENTATION OF US ECONOMIC ASSISTANCE PROGRAM. FOLLOWING REPORT, WHICH UPDATES REF A REPORTING ON PRESENT PROGRAM STATUS, IS SUBMITTED WITHIN CONTEXT OF THAT OBJECTIVE. THIS IS FIRST OF THREE MESSAGES CONSTITUTING FULL REPORT. A SECOND MESSAGE WILL COVER CAPITAL PROJECTS, WHILE THE THIRD WILL COVER TA PROJECTS AND DRAW OUR OVERALL CONCLUSIONS.

2. CIP:

- A. AS OF APRIL 30, CUMULATIVE CIP OBLIGATIONS WERE UNCLASSIFIED

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DOLS 1,155 MILLION, INCLUDING DOLS 250 MILLION SIGNED FEBRUARY 27 OF THIS YEAR. (WE HAVE NOW RECEIVED A GOE REQUEST FOR DOLS 50 MILLION ADDITIONAL CIP FUNDING THIS FISCAL YEAR AND WILL FORWARD OUR ANALYSIS AND RECOMMENDATIONS SHORTLY.) DOLS 680.2 MILLION (59 PERCENT) OF CUMULATIVE CIP OBLIGATIONS HAVE BEEN SUBOBLIGATED IN LETTERS OF CREDIT. (FOR CIP, LETTERS OF CREDIT ISSUED IS

A BETTER MEASURE OF SUBOBLIGATIONS THAN LETTERS OF COMMITMENT ISSUED. ALSO, FOR GOE BOOKKEEPING PURPOSES, IT IS AT THE TIME THAT L/CS ARE OPENED THAT THE TRANSACTION FORMALLY ENTERS THE B/P STATISTICS.) A FURTHER DOLS 38.2 MILLION ARE COVERED BY TENDERS AND ARE NOW AWAITING ISSUANCE OF LETTERS OF CREDIT, CONTRACT AWARDS OR BID OPENINGS. THE REMAINING DOLS 436.6 MILLION HAVE BEEN FULLY ALLOCATED BY THE GOE, CORRESPONDING FINANCING REQUESTS HAVE BEEN APPROVED BY AID, AND LETTERS OF COMMITMENT HAVE BEEN ISSUED OR REQUESTED FOR ALL BUT DOLS 135 MILLION.

- B. DURING CALENDAR YEAR 1977, LETTERS OF CREDIT WERE ISSUED FOR DOLS 467.7 MILLION, OR AN AVERAGE OF DOLS 39 MILLION PER MONTH. IN THE LAST FOUR MONTHS, HOWEVER, NEW LETTERS OF CREDIT AMOUNTED TO DOLS 41.7 MILLION, OR DOLS 10 MILLION PER MONTH. THIS MARKED DIFFERENCE IS DUE TO THE FACT THAT BY END OF 1977 WE HAD COMPLETED ISSUANCE OF LETTERS OF CREDIT FOR ALL FUNDS AVAILABLE FOR CONSUMABLES AND THEREFORE DURING THE PAST SEVERAL MONTHS WE HAVE BEEN ENGAGED IN PROCUREMENT OF CAPITAL GOODS, AWAITING ALLOCATIONS FOR CONSUMABLES UNDER THE NEW LOAN. CAPITAL PROCUREMENT USUALLY TAKES LONGER TO COMPLETE. WE EXPECT LETTER OF CREDIT OPENINGS TO JUMP, HOWEVER, IN THE NEXT FEW MONTHS AS THE CONSUMABLES PORTION OF THE FY78 LOAN MOVES TO CONTRACTING. IT IS OUR PROJECTION THAT THE TOTAL VALUE OF LETTERS OF CREDIT TO BE OPENED IN CY 1978 IS DOLS 330  
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MILLION.

- C. AS OF APRIL 30, CUMULATIVE CIP DISBURSEMENTS WERE DOLS 503.6 MILLION, OR 43.6 PERCENT OF OBLIGATIONS, INCLUDING DISBURSEMENTS OF DOLS 179.9 MILLION IN THE JANUARY-APRIL PERIOD (DOLS 45 MILLION PER MONTH). THE DISBURSEMENT RATE SHOWS A CLEAR UPWARD TREND TO A DEGREE REFLECTING THE INCREASE IN LETTERS OF CREDIT TOWARD THE END OF LAST YEAR. IT IS OUR PROJECTION THAT TOTAL VALUE OF DISBURSEMENTS IN CY 1978 WILL BE DOLS 330 MILLION.

3. PL 480 PROGRAM: TITLE ONE DISBURSEMENTS SHOULD BE INCLUDED IN ANY RUNDOWN OF IMPLEMENTATION. NET OBLIGATIONS TO DATE HAVE BEEN DOLS 641.4 MILLION, INCLUDING DOLS 176.5 MILLION THIS FISCAL YEAR. ALL OF THIS HAD BEEN DISBURSED BY THE END OF APRIL EXCEPT DOLS 133.0 MILLION AGAINST THIS YEAR'S AGREEMENT. PURCHASE AUTHORIZATIONS HAVE BEEN ISSUED FOR THE ENTIRE QUANTITY OF WHEAT AND WHEAT FLOUR MADE AVAILABLE UNDER THE AGREEMENT AND WELL OVER TWO-THIRDS OF THE TOTAL HAS ALREADY BEEN PURCHASED. WE ANTICIPATE FULL UTILIZATION BY END OF FISCAL YEAR. MATTHEWS

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## Message Attributes

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**Draft Date:** 24 may 1978  
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